



“ Dollar cost averaging encourages a disciplined approach that turns investing into a convenient, ‘painless’ habit. ”

compliments of:



The Benefits of Dollar Cost Averaging

Reaching Your Financial Goals

Many people look forward to owning their own homes, providing quality education for their children and enjoying comfortable retirements. But each of these goals has a price tag, and those costs seem to be getting higher and higher. For example, according to the National Association of Realtors, the median price of an existing single-family home purchased in the U.S. in 2007 was \$218,900. A study by the College Board found that for 2007-2008, tuition, fees, and room and board averaged \$13,589 per year at four-year public colleges and \$32,307 per year at four-year private colleges. These numbers represent an increase of 5.9%, from the College Board's findings for the previous year. And retirement? As a general rule of thumb, people will need about 80% of their current yearly income to meet their needs in retirement. Depending on how much you make and your current lifestyle, you could need a nest egg totaling hundreds of thousands of dollars. While these numbers may be intimidating, there is a popular investment strategy that may help investors accumulate significant amounts gradually, over time. It's called *dollar cost averaging* and it involves the systematic investment of a fixed amount of money at regular intervals.

How Dollar Cost Averaging Works

Dollar cost averaging encourages a disciplined approach that turns investing into a convenient, "painless" habit. For instance, you may choose to invest \$100 from each paycheck. Or, you may want to transfer \$200 each month from your checking account into a mutual fund. Perhaps you would make a \$500 investment each quarter. The dollar amount and frequency of investments depend upon your financial means and future goals.

No Time For Timing

No one can be sure of the direction of financial markets or specific securities. Ideally, investors want to "buy low and sell high," but timing the market is impossible, even for professionals. How-

ever, with a commitment to dollar cost averaging, you can make the ups and downs of market volatility work to your benefit. Investing a fixed dollar amount at set intervals allows investors to buy more shares when the price is low, and fewer shares when the price is high. Over time, the average cost per share ends up being less than the average share price. The table below illustrates this concept.

Long-Term Accumulation

While reaching financial goals isn't effortless, seemingly daunting financial burdens can become manageable through the discipline of systematic investing. Regular investing of even small amounts can accumulate significantly over the long term. The table on the next page illustrates how regular investments can grow over time.

LOWERING YOUR AVERAGE COST

Month	Monthly Investment	Share Price	Number of Shares Purchased
January	\$200	\$5	40
February	\$200	\$10	20
March	\$200	\$15	13.33
April	\$200	\$13	15.38
May	\$200	\$12	16.67
June	\$200	\$11	18.18
Total	\$ 1,200	\$66	123.56

Average share price over six months: \$11 (\$66/6 months)

Average cost per share using dollar cost averaging: \$9.71 (\$1,200/123.56 shares)

This example is hypothetical and does not represent an investment in or performance of any First Investors fund.

Profits Are Not Guaranteed

Unfortunately, there are no magic investment strategies that guarantee a profit. Dollar cost averaging cannot assure a profit nor protect against a loss in declining markets. Since this strategy depends upon continuous investment regardless of fluctuating price levels, you should consider your ability to continue making investments through periods of low price levels.

Automatic Investment Programs

An old investing adage says “pay yourself first.” To help you do so, First Investors offers several automatic investment programs to help you benefit from dollar cost averaging. You can invest in a range of products—mutual funds, variable annuities, life insurance, IRAs—through our automatic investment programs. We allow a lower initial investment amount to clients who sign up for an automatic investment program. First Investors offers *Money Line*, a service that enables clients to electronically transfer funds from a bank account into their mutual fund account. Our *Automatic Payroll Investment Service* enables clients whose employers are set up for direct deposit to transfer a portion of each paycheck to their First Investors account on each payday. Also, you may choose one of our *Systematic Investment Kits*, which provide a disciplined way to invest on a regular basis.

Talk To Your First Investors Financial Services Representative

To discuss the benefits of dollar cost averaging, and to learn more about *Money Line*, *Automatic Payroll Investment Service*, and our *Systematic Investment Kits*, contact your financial services representative. He or she can explain how each program works, and help you determine if systematic investing is right for you. Together, you can tailor a strategy to meet your specific needs. Even if you have established a systematic investment program, you’ll want to review it annually with your financial services representative to ensure that it’s in synch with your current needs and investment time horizon.

BUILDING A NEST EGG

\$100 MONTHLY INVESTMENT			\$300 MONTHLY INVESTMENT		
Number of Years	Amount Invested	Account Total with 8% Growth	Number of Years	Amount Invested	Account Total with 8% Growth
10	\$12,000	\$18,295	10	\$36,000	\$54,884
15	\$18,000	\$34,604	15	\$54,000	\$103,811
20	\$24,000	\$58,902	20	\$72,000	\$176,706
25	\$30,000	\$95,103	25	\$90,000	\$285,308
30	\$36,000	\$149,036	30	\$108,000	\$447,108
35	\$42,000	\$229,388	35	\$126,000	\$688,165
40	\$48,000	\$349,101	40	\$144,000	\$1,047,302

This table assumes an average annual return of 8% and no fluctuation of principal. Actual performance will fluctuate. This example is hypothetical and does not represent an investment in or performance of any First Investors fund.

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Financial Services With A Personal Touch

First Investors has been serving the needs of investors since 1930. Through the Great Depression, World War II, numerous recessions and bull and bear markets alike, we have remained committed to our mission—helping our clients reach their financial goals. Today, we offer a wide range of financial products and services, including mutual funds, annuities, and life insurance. We pride ourselves on delivering financial services with a “personal touch.” Your First Investors Financial Services Representative is a licensed professional who will take the time to learn about your current financial situation and future goals in order to assist you with your financial needs.